

SENATE, No. 2080

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED MARCH 3, 2022

Sponsored by:

Senator MICHAEL L. TESTA, JR.

District 1 (Atlantic, Cape May and Cumberland)

Senator VIN GOPAL

District 11 (Monmouth)

Senator M. TERESA RUIZ

District 29 (Essex)

Co-Sponsored by:

Senators Sarlo, Singer, Stack and Cruz-Perez

SYNOPSIS

Repeals \$100,000 cap on sales and use tax exemption for certain capital improvements made by businesses participating in Urban Enterprise Zone program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/27/2022)

1 AN ACT repealing the \$100,000 cap on the sales and use tax
2 exemption for certain capital improvements, amending P.L.2021,
3 c.197.

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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. Section 8 of P.L.2021, c.197 (C.52:27H-79.1) is amended to
9 read as follows:

10 8. a. Receipts from **the first \$100,000 of** retail sales of
11 materials, supplies, and services for the exclusive use of erecting
12 structures or buildings on, or improving, altering, or repairing the
13 real property of a qualified business, or a contractor hired by the
14 qualified business to make such improvements, alterations, or
15 repairs, are exempt from the taxes imposed under the "Sales and
16 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.); provided,
17 however, receipts from retail sales of materials, supplies, and
18 services for the exclusive use of erecting new structures or
19 buildings on, or substantially improving, altering, or repairing the
20 real property of a qualified business shall be eligible for such tax
21 exemption notwithstanding the limit imposed pursuant to this
22 subsection.

23 b. As used in this section:

24 "Qualified business" includes a person who is certified as a
25 qualified business by the authority and provided a UZ-4
26 certification by the authority. A person who is certified as a
27 qualified business may apply to the authority for a UZ-4
28 certification provided that the person owns or leases and regularly
29 operates a place of business located in an eligible block group, as
30 defined in subsection a. of section 12 of P.L.2021, c.197
31 (C.52:27H-99). The Department of the Treasury shall provide to a
32 qualified business a certificate evidencing its UZ-4 certification,
33 which certificate shall indicate the location at which the sales tax
34 exemption provided for in this section is available.

35 "Substantially improving, altering, or repairing" means any
36 reconstruction, rehabilitation, addition, or other improvement to a
37 structure, of which the total cost equals to or exceeds 50 percent of
38 the market value of the structure before the start of construction of
39 the improvement. The UEZ Authority may, from time to time, alter
40 this definition through regulation to respond to changing market
41 conditions.

42 (cf: P.L.2021, c.197, s.8)

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44 2. This act shall take effect immediately and shall apply
45 retroactively to sales and uses on and after January 1, 2022.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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The sales tax exemption was enacted in August of 2021 with a cap of \$100,000, and applies to sales and uses on or after January 1, 2022. This bill keeps the exemption in place but eliminates the cap retroactively to January 1, 2022.